

**THE OFFICE OF REGULATORY STAFF
SETTLEMENT TESTIMONY AND EXHIBITS
OF
ROBERT A. LAWYER**

MAY 28, 2009



DOCKET NO. 2009-1-E

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS
CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.**

SETTLEMENT TESTIMONY OF

ROBERT A. LAWYER

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2009-1-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF

CAROLINA POWER & LIGHT COMPANY

d/b/a PROGRESS ENERGY CAROLINAS, INC.

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.**

A. My name is Robert A. Lawyer. My business address is 1401 Main Street,
Suite 900, Columbia, South Carolina, 29201. I am employed by the South
Carolina Office of Regulatory Staff ("ORS") in the Audit Department as an
Auditor.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A. I received a B.S. Degree in Financial Management, with a concentration in
Corporate Finance, from Clemson University in May 1994. Prior to joining ORS,
I held a variety of positions in finance, accounting, auditing, and management. I
began my employment as an auditor with ORS in April 2007 and have
participated in various cases involving the regulation of electric and water
utilities.

1 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY IN**
2 **THIS PROCEEDING?**

3 **A.** The purpose of my settlement testimony is to present the results of ORS
4 Audit Staff's examination of the books and records pertaining to Progress Energy
5 Carolinas, Inc.'s. ("the Company" or "PEC") Fuel Adjustment Clause ("FAC")
6 operation for the current actual review period of March 2008 through February
7 2009 (Docket No. 2009-1-E). The findings of the examination are set forth below
8 and in the exhibits attached to this testimony.

9 **Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?**

10 **A.** The purpose of this examination was to determine whether the
11 Company's accounting practices in computing and applying the monthly Fuel
12 Adjustment Clause have been in compliance with S.C. Code Ann. §58-27-865
13 (Supp. 2008). To accomplish this task, ORS examined the components associated
14 with the operation of the clause.

15 **Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?**

16 **A.** ORS Audit Staff examined and traced the monthly fuel adjustment factor
17 calculations and the fuel recovery balances recorded in the Company's books and
18 records. The current fuel examination covered the actual period of March 2008
19 through February 2009 ("actual review period") and four (4) estimated months
20 from March to June 2009. ORS Audit Staff did not examine the months of
21 March, April, May, and June 2009 since these were Company estimated figures.
22 The Audit Department's examination consisted of:

23 1. Analyzing the Fuel Stock Account- Account #151

1 ORS's analysis of the Fuel Stock Account consisted of tracing receipts and
2 issues from the fuel management system to the general ledger, examining
3 monthly fuel charges originating in fuel accounting, and ensuring that only
4 proper charges were entered in the Company's computation of fuel costs for
5 purposes of adjusting base rates for fuel costs.

6 2. Sampling Receipts to the Fuel Stock Account- Account #151

7 ORS's review of receipts to the Fuel Stock Account consisted of examining
8 and testing selected transactions which support additions to the account. Each
9 transaction examined was tested for mathematical accuracy and vouched to a
10 corresponding waybill or truck bill, fuel stock detail report, supplier invoice,
11 and freight invoice report. Each transaction was then traced to a fuel
12 management system payment voucher to prove payment of the correct amount
13 to the vendors.

14 3. Verifying Charges to Nuclear Fuel Expense- Account #518

15 ORS traced the expense amounts for nuclear fuel to the books and records for
16 the actual review period to verify the accuracy of these expenses to fuel
17 amortization schedules.

18 4. Verifying Purchased and Interchange Power Fuel Costs

19 ORS verified the Company's Purchased and Interchange Power Fuel Costs,
20 kilowatt-hour ("kWh") purchases and sales for the actual review period to
21 summary "booking run" reports, individual vendor purchase schedules, and on
22 a sample basis, to monthly invoices. ORS recomputed the Company's sales
23 and purchases.

1 The Purchased and Interchange Power figures for the actual review period and
2 the resultant over(under)-recovery monthly deferred fuel amounts for the
3 period reflect calculations which conform to S.C. Code Ann. §58-27-865
4 (Supp. 2008). This statute addresses “fuel costs related to purchased power.”
5 Subsection (A)(2)(b) of this statute states that the total delivered cost of
6 economy purchases, including (but not limited to) transmission charges, are
7 included in Purchased Power Costs if those purchases are “less than the
8 purchasing utility’s avoided variable costs for the generation of an equivalent
9 quantity of electric power.” ORS applied this statute to the examined
10 economic purchases along with the applicable avoided costs.

11 5. Verifying kWh Sales

12 ORS verified total system kWh sales, as filed in the monthly fuel factor
13 computation, to monthly billed revenue reports for the actual review period.
14 The monthly kWh sales figures were then used to determine the fuel cost per
15 kWh sold.

16 6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred Fuel
17 Costs

18 ORS recalculated the Fuel Cost Adjustment Factors for the actual review
19 period utilizing information obtained from the Company’s records. ORS
20 verified the Total Fuel Costs for the actual review period to the Company’s
21 books and records. In recalculating the monthly factors, ORS divided Total
22 Fuel Costs by Total System kWh Sales to arrive at fuel costs per kWh sales.
23 The base fuel cost per kWh, included in the base rates, is then subtracted from

1 the fuel cost per kWh sales. The resulting figure represents the fuel cost
2 adjustment above or below the base rate per kWh sales. The South Carolina
3 Retail Jurisdictional kWh deferrals were checked against the Company's
4 records and the actual Deferred Fuel Costs for each month were verified to the
5 Company's books and records.

6 7. Recalculating the True-up for the Over(Under)-Recovered Fuel Costs

7 ORS analyzed and recomputed the cumulative over(under)-recovery of actual
8 fuel costs for the period March 2008 through February 2009 of (\$10,347,089)
9 and estimated fuel costs through June 2009 of (\$5,434,538). In addition, ORS
10 recomputed the cumulative over(under)-recovery of actual environmental fuel
11 costs for the period March 2008 through February 2009 of \$380,942 and
12 estimated environmental fuel costs through June 2009 of \$1,055,894.

13 8. Details of the Company's Received Fuel Coal Costs

14 ORS prepared exhibits based upon information obtained from PEC's books
15 and records and other sources reflecting coal costs during the review period.
16 Specifically, these exhibits are as follows:

17 Settlement Audit Exhibit RAL-1: Coal Cost Statistics

18 Settlement Audit Exhibit RAL-2: Received Coal-Cost Per Ton (Per Plant)

19 Settlement Audit Exhibit RAL-3: Received Coal-Cost Per Ton Comparison

20 **Q. PLEASE EXPLAIN THE SETTLEMENT AUDIT EXHIBITS ATTACHED**
21 **TO YOUR SETTLEMENT TESTIMONY.**

1 A. ORS prepared audit exhibits from the Company's books and records
2 reflecting fuel costs during the review period. Specifically, these exhibits include
3 the following:

4 **SETTLEMENT AUDIT EXHIBIT RAL-1: COAL COST STATISTICS**

5 In Settlement Audit Exhibit RAL-1, titled Coal Cost Statistics, ORS listed spot
6 and contract coal received, separately and combined, for the actual review period.
7 The comparison is made in the following five (5) areas:

8 (1) Tons Received

9 (2) Percentage of Total Tons Received

10 (3) Cost Per Tons Received

11 (4) Total Received Cost

12 (5) Cost Per MBTU

13 ORS has taken the combined total received cost for the twelve (12) months and
14 divided this by the combined total tons for the twelve (12) months to arrive at a
15 Weighted Average Cost per ton for the actual review period.

16 **SETTLEMENT AUDIT EXHIBIT RAL-2: RECEIVED COAL – COST**
17 **PER TON (PER PLANT)**

18 This settlement audit exhibit reflects the received cost (in dollars) per ton for coal
19 at each plant during the actual review period, including freight costs. Also
20 included in this settlement exhibit is the coal received cost per ton for coal
21 inventory at the Shipyard River Terminal. This is not a PEC plant, it is a "coal
22 receiving" location.

1 **SETTLEMENT AUDIT EXHIBIT RAL-3: RECEIVED COAL - COST PER**
2 **TON COMPARISON**

3 This settlement audit exhibit reflects the received cost per ton for coal for each
4 month from March 2008 through February 2009 for PEC, Duke Energy Carolinas,
5 and South Carolina Electric & Gas Company. For comparison purposes, ORS has
6 shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost
7 per MBTU.

8 **SETTLEMENT AUDIT EXHIBIT RAL-4: TOTAL BURNED COST**
9 **(FOSSIL AND NUCLEAR)**

10 This settlement audit exhibit reflects the per book cost of burned fuel used for
11 electric generation during the actual review period. The burned cost of each class
12 of fuel is shown separately. Beginning May 3, 2007, sulfur dioxide (SO₂)
13 emission allowance expenses and other variable environmental costs are shown
14 separately as described in S.C. Code Ann. §58-27-865 (A)(1) (Supp. 2008).

15 **SETTLEMENT AUDIT EXHIBIT RAL-5: SOUTH CAROLINA FUEL**
16 **COST COMPUTATION**

17 Shown in this settlement audit exhibit are the base fuel cost computations for the
18 actual review period and the estimated fuel costs for March through June 2009.
19 The exhibit also shows various adjustments and the base fuel cost computation of
20 the cumulative over(under)-recovery balances for March 2008 through February
21 2009.

22 **SETTLEMENT AUDIT EXHIBIT RAL-6: DETAILS OF**
23 **ENVIRONMENTAL COSTS**

1 Shown in this settlement audit exhibit are the fuel cost computations for the actual
2 review period for sulfur dioxide (SO₂) and nitrogen oxide (NO_x) emission
3 allowances, ammonia/urea, limestone, and the estimated variable environmental
4 costs for March through June 2009.

5 **Q. WOULD YOU PLEASE EXPLAIN THE AMOUNT BROUGHT**
6 **FORWARD FOR THE CUMULATIVE OVER(UNDER)-RECOVERY**
7 **BALANCE IN SETTLEMENT AUDIT EXHIBIT RAL-5?**

8 **A.** Yes. As reflected in Settlement Audit Exhibit RAL-5, ORS brought
9 forward a cumulative (under)-recovery balance from February 2008 of
10 (\$14,452,319). The Company's testimony reflects a balance brought forward
11 from February 2008 of (\$14,482,150). {PSC Docket No. 2008-1-E—Barkley
12 Exhibit No. 5}. The difference in the balance of \$29,831 reflects the Company's
13 posting of ORS's adjustment from the prior review period, Docket No. 2008-1-E,
14 in June 2008 for \$29,831.

15 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**
16 **THE TRUE-UP OF OVER(UNDER)-RECOVERED FUEL COSTS.**

17 **A.** ORS Settlement Audit Exhibit RAL-5, entitled "South Carolina Fuel
18 Cost Computation" provides details for ORS's calculation of the actual
19 cumulative (under)-recovery balance through February 2009 and the estimated
20 balance through June 2009. The cumulative (under)-recovery amount totaled
21 (\$10,347,089) through February 2009. ORS then added the estimated over-
22 recoveries of \$545,523 for March 2009, \$2,960,226 for April 2009, \$1,259,304
23 for May 2009, and \$147,498 for June 2009 to arrive at a cumulative (under)-

1 recovery of (\$5,434,538) through June 2009. The Company's pre-filed testimony
2 in this docket lists the cumulative (under)-recovery total through February 2009
3 as (\$10,347,088) {Barkley Exhibit No. 5} and through June 2009 the (under)-
4 recovery totals (\$5,434,537) {Barkley Exhibit No. 7}. The difference between the
5 Company's and ORS's cumulative (under)-recovery as of actual February 2009 is
6 a \$1 rounding difference.

7 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
8 **DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL**
9 **COMPONENT?**

10 **A.** Yes. The Company made the following adjustments as shown on
11 Settlement Audit Exhibit RAL-5:

12 **Adjustment (1)**—The Company made an adjustment to reflect the removal of
13 sales credits associated with environmental reagents that were erroneously
14 credited to the fuel component. Based on the revision to the FAC, which became
15 effective May 3, 2007, these costs should be included in the environmental
16 component of the FAC. The company inadvertently included them in both the fuel
17 and environmental components and then removed them from the fuel component
18 in May 2008. The adjustment amounted to an (under)-recovery of (\$25,391) to the
19 deferred fuel account. ORS examined and recomputed the adjustment with no
20 exceptions noted.

21 **Adjustment (2)**—The Company made an adjustment to include allowable
22 transmission charges associated with economic purchases for the months of April
23 through August 2008 of the review period. The adjustment resulted in an (under)-

1 recovery to the cumulative balance of (\$150,040). ORS examined and recomputed
2 this adjustment with no exceptions noted.

3 **Adjustment (3)**—The total adjustment of (\$1,758,995) made by PEC in
4 November 2008 is comprised of three (3) separate adjustments as follows:

5 A) The Company made this adjustment to include allowable
6 transmission charges for the month of October 2008. The expense
7 was omitted from their fuel cost calculation in error and corrected in
8 November 2008. The adjustment amounted to an (under)-recovery to
9 the cumulative recovery balance of (\$47,722).

10 B) The Company made an adjustment after determining that they had
11 included more North Carolina Eastern Municipal Power Agency
12 (NCEMPA) purchased power costs than were allowed; recovery
13 should have been limited to fuel only. The adjustment amounted to a
14 \$3,554 over-recovery adjustment for the period of April through
15 August 2008 and a \$4,772 over-recovery adjustment for the month of
16 October 2008. The total over-recovery adjustment totals to \$8,326.

17 C) This adjustment reflects the difference during the current review
18 period between total non-capacity costs and fuel costs for five (5)
19 counterparties. These counterparties are contained in PEC's
20 Integrated Resource Plan and therefore are capacity purchases. This
21 adjustment moves the recoverable fuel costs from avoided fuel to
22 now include total non-capacity costs for these five counterparties. On
23 a total system basis, the adjustment totals \$14,173,696, which

1 equates to an (under)-recovery adjustment of (\$1,719,599) on a S.C.
2 retail jurisdictional basis to the cumulative over/(under) recovery
3 balance.

4 Combining adjustments A, B, and C above, the total effect on the cumulative
5 over/(under)-recovery balance is an (under)-recovery adjustment of (\$1,758,995).

6 ORS examined and recomputed this adjustment with no exceptions noted.

7 **Adjustment (4)--** The Company determined that the prices of certain purchases
8 exceeded the “utility’s avoided variable costs for the generation of an equivalent
9 quantity of electric power.” Accordingly, the Company excluded the costs of
10 these Purchased Power transactions, (\$16,231) on a total system basis, from the
11 Deferred Fuel Account balance. The effect of the system avoided costs reduction
12 adjustments of (\$16,231), on a S.C. retail jurisdictional basis, resulted in an over-
13 recovery adjustment of \$2,007 to the Deferred Fuel Account’s cumulative balance
14 in February 2009. ORS examined and recomputed this adjustment with no
15 exceptions noted.

16 **Q. DID YOU NOTE ANY DIFFERENCES BETWEEN ORS’S AND THE**
17 **COMPANY’S CALCULATIONS OF THE (UNDER)-COLLECTION FOR**
18 **THE BASE FUEL COMPONENT AS OF FEBRUARY 2009?**

19 **A.** Yes. As of February 2009 there is a \$1 rounding difference between
20 ORS’s and the Company’s cumulative over/(under)-recovery balance.

21 **Q. WOULD YOU PLEASE EXPLAIN THE BALANCE BROUGHT**
22 **FORWARD FOR THE CUMULATIVE OVER/(UNDER)-RECOVERY**
23 **BALANCE IN SETTLEMENT AUDIT EXHIBIT RAL-6?**

1 A. Yes. As reflected in Settlement Audit Exhibit RAL-6, ORS brought
2 forward a cumulative (under)-recovery balance from February 2008 of
3 (\$1,178,946). The Company's testimony reflects a cumulative (under)-recovery
4 balance brought forward from February 2008 of (\$1,184,913) {PEC Docket No.
5 2008-1-E---Barkley Exhibit No. 9}. The difference in the balances, \$5,967,
6 reflects the Company's posting of ORS's adjustments from the prior review
7 period, Docket No. 2008-1-E, in June 2008 for \$5,965 as well as a \$2 rounding
8 difference.

9 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**
10 **THE TRUE-UP OF OVER/(UNDER)-RECOVERED ENVIRONMENTAL**
11 **COSTS.**

12 A. Effective with the May 3, 2007 passage of the S.C. Base Load Review
13 Act, S.C. Code Ann. §58-27-865 was amended to include, as components of fuel
14 cost, "(a) the cost of ammonia, lime, limestone, urea, dibasic acid, and catalysts
15 consumed in reducing or treating emissions, and (b) the cost of emission
16 allowances, as used, including allowances for SO₂, NO_x, mercury and
17 particulates." Settlement Audit Exhibit RAL-6, entitled "Details of Environmental
18 Costs," provides the details needed to calculate the variable environmental costs
19 included in the fuel factor. In addition, effective May 3, 2007, SO₂ emission
20 allowances were included in the environmental cost factor of the FAC. Prior to
21 that date, these costs had been included in the base fuel factor under the FAC.

22 ORS Settlement Audit Exhibit RAL-6 provides data for ORS's
23 cumulative environmental cost over-recovery balance through February 2009, and

1 the estimated cumulative over-recovery balance through June 2009. The
2 cumulative environmental cost over-recovery amount totaled \$380,942 through
3 February 2009. ORS then added the monthly estimated over/(under)-recoveries
4 for March through June 2009 to arrive at a cumulative over-recovery of
5 \$1,055,894 through June 2009. The Company's pre-filed testimony in this docket
6 lists the cumulative environmental cost over-recovery total through February
7 2009 as \$380,939 {Barkley Exhibit No. 8} and through June 2009 as \$1,006,923
8 {Barkley Exhibit No. 10}. The difference between the Company's and ORS's
9 cumulative over-recovery as of actual February 2009 totals \$3. This difference is
10 attributable to rounding differences. The difference as of estimated June 2009
11 totals \$48,971 and is due to PEC including catalyst depreciation expenses that
12 ORS determined should not be recovered in environmental fuel costs..

13 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**
14 **DURING THE ACTUAL REVIEW PERIOD FOR THE**
15 **ENVIRONMENTAL COST COMPONENT?**

16 **A.** Yes. The Company made the following adjustments as shown on
17 Settlement Audit Exhibit RAL-6:

18 **Adjustment (5)--** In June 2008, the Company made an over-recovery adjustment
19 to the cumulative environmental recovery balance to reflect gains on the proceeds
20 from the sale of SO₂ emission allowances through an Environmental Protection
21 Agency ("EPA") auction. The proceeds were received in May 2008 but not
22 originally included in PEC's calculations. The proceeds totaled \$945,711 on a
23 system basis and were netted against the SO₂ and NO_x Emissions Allowance

1 Expenses for May 2008. The net effect equates to a \$113,202 over-recovery
2 adjustment to the cumulative recovery balance. ORS examined and recomputed
3 the adjustment with no exceptions noted.

4 **Q. DID YOU NOTE ANY DIFFERENCES BETWEEN ORS'S AND THE**
5 **COMPANY'S CALCULATIONS OF THE OVER-COLLECTION FOR**
6 **THE ENVIRONMENTAL COST COMPONENT AS OF JUNE 2009?**

7 **A.** Yes. As mentioned on page 13 of my testimony, the difference between
8 ORS's and the Company's over-recovery balance as of estimated June 2009 totals
9 \$48,971 and is due to PEC including catalyst depreciation expenses that ORS
10 excluded from its calculations.

11 **Q. WHAT IS ORS'S COMBINED TOTAL CUMULATIVE RECOVERIES OF**
12 **THE BASE FUEL COST AND ENVIRONMENTAL COST**
13 **COMPONENTS AS OF ACTUAL FEBRUARY 2009 AND AS OF**
14 **ESTIMATED JUNE 2009?**

15 **A.** As of February 2009, based on a Base Fuel Cost component cumulative
16 (under)-recovery balance of (\$10,347,089) and an Environmental Cost component
17 cumulative over-recovery balance of \$380,942, the combined result totals
18 (\$9,966,147). As of June 2009, based on a Base Fuel Cost component cumulative
19 (under)-recovery balance of (\$5,434,538) and an Environmental Cost component
20 cumulative over-recovery balance of \$1,055,894, the combined result totals
21 (\$4,378,644).

22 **Q. ARE THERE ANY OTHER ISSUES THAT YOU WOULD LIKE TO**
23 **ADDRESS?**

1 A. Yes. In January and February 2009, PEC included Purchased Power
2 expenses of \$10,024 and \$3,331 respectively, on a total system basis per a
3 Purchased Power contract. ORS questioned whether these expenses were actually
4 generated by PEC, therefore in the review process ORS recalculated the January
5 and February 2009 Purchased Power expenses excluding these amounts. The
6 results did not change the actual cost per kWh, therefore not effecting the
7 Deferred Fuel Account balance. As a result of this, ORS did not modify
8 Purchased Power expenses in Settlement Audit Exhibit RAL-5. ORS examined
9 and recomputed these expenses and, although there is no monetary adjustment to
10 the Deferred Fuel Account in this proceeding, ORS reserves the right to
11 investigate and, if appropriate, exclude these purchases in future proceedings.

12 **Q. WHAT IS THE RESULT OF THE ORS AUDIT DEPARTMENT'S**
13 **EXAMINATION?**

14 A. Based on ORS Audit Staff's examination of the Company's books and
15 records, and its operation of the fuel cost recovery mechanism, ORS Audit
16 Department is of the opinion that the Company's books and records accurately
17 reflect the fuel costs incurred by the Company in accordance with previous
18 Commission orders and with S.C. Code Ann. §58-27-865 (Supp. 2008).

19 **Q. DO YOU SUPPORT THE SETTLEMENT AGREEMENT EXECUTED BY**
20 **THE PARTIES IN THIS HEARING?**

21 A. Yes, I do.

22 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

23 A. Yes, it does.

Progress Energy Carolinas, Inc.
Coal Cost Statistics
March 2008 - February 2009
Docket No. 2009-1-E

(1)	(2)	(3)	(4)	(5)	
SPOT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-08	206,706	21.10%	83.14	17,185,106	3.3888
Apr-08	124,377	12.40%	97.53	12,130,256	3.9564
May-08	204,323	19.37%	102.69	20,981,171	4.1659
Jun-08	265,142	23.85%	124.43	32,990,741	5.0981
Jul-08	163,360	15.65%	118.08	19,290,076	4.7815
Aug-08	209,059	18.23%	117.06	24,473,065	4.7637
Sep-08	147,208	13.54%	128.00	18,843,130	5.1888
Oct-08	182,162	15.80%	120.95	22,031,827	4.9438
Nov-08	198,754	18.63%	116.68	23,190,863	4.7166
Dec-08	133,476	12.93%	119.90	16,003,390	4.8620
Jan-09	20,151	2.20%	109.24	2,201,302	4.3497
Feb-09	55,731	5.49%	96.70	5,388,889	3.8608
Total	1,910,449			214,709,816	

CONTRACT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-08	772,741	78.90%	76.87	59,396,905	3.1343
Apr-08	878,362	87.60%	74.90	65,792,515	3.0491
May-08	850,475	80.63%	78.22	66,521,762	3.1946
Jun-08	846,704	76.15%	74.97	63,473,660	3.0474
Jul-08	880,291	84.35%	84.17	74,092,039	3.1683
Aug-08	937,429	81.77%	84.06	78,797,913	3.4243
Sep-08	939,980	86.46%	81.62	76,719,425	3.3228
Oct-08	971,013	84.20%	91.93	89,267,759	3.7643
Nov-08	867,837	81.37%	93.80	81,400,612	3.8305
Dec-08	899,154	87.07%	83.74	75,291,301	3.4361
Jan-09	895,223	97.80%	98.99	88,620,004	4.0132
Feb-09	959,764	94.51%	90.59	86,948,711	3.6787
Total	<u>10,698,973</u>			<u>906,322,606</u>	

Progress Energy Carolinas, Inc.
Coal Cost Statistics
March 2008 - February 2009
Docket No. 2009-1-E

	(1)	(2)	(3)	(4)	(5)
COMBINED					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-08	979,447	100.00%	78.19	76,582,011	3.1880
Apr-08	1,002,739	100.00%	77.71	77,922,771	3.1620
May-08	1,054,798	100.00%	82.96	87,502,933	3.3845
Jun-08	1,111,846	100.00%	86.76	96,464,401	3.5329
Jul-08	1,043,651	100.00%	89.48	93,382,115	3.4027
Aug-08	1,146,488	100.00%	90.08	103,270,978	3.6687
Sep-08	1,087,188	100.00%	87.90	95,562,555	3.5760
Oct-08	1,153,175	100.00%	96.51	111,299,586	3.9510
Nov-08	1,066,591	100.00%	98.06	104,591,475	3.9977
Dec-08	1,032,630	100.00%	88.41	91,294,691	3.6223
Jan-09	915,374	100.00%	99.22	90,821,306	4.0207
Feb-09	1,015,495	100.00%	90.93	92,337,600	3.6889
Total	<u>12,609,422</u>			<u>1,121,032,422</u>	

Total Received Cost = \$ 1,121,032,422 = \$ 88.90 (Weighted Average Cost of Coal)

Total Tons Received = 12,609,422

Progress Energy Carolinas, Inc.
Received Coal - Cost Per Ton (Per Plant)
March 2008 - February 2009
Docket No. 2009-1-E

Plant	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asheville	71.09	74.46	75.21	78.29	82.80	89.03	72.57	89.06	80.22	64.38	87.72	90.82
Cape Fear	65.61	77.16	71.98	67.46	135.08	110.50	118.42	100.15	103.83	125.52	106.13	91.08
Lee	175.51	80.79	81.60	87.29	120.60	97.50	119.31	105.58	130.26	106.00	91.05	113.14
Mayo	75.34	84.24	81.34	84.01	88.42	102.43	62.94	85.25	87.85	79.57	89.81	84.79
Robinson	63.82	106.64	0.00	56.03	73.40	78.34	64.11	82.42	84.62	92.29	92.38	84.87
Roxboro 1-3	96.83	75.38	82.30	75.43	88.68	87.57	88.41	95.80	96.04	81.41	99.46	90.58
Roxboro 4	60.06	77.43	89.70	116.31	84.96	82.22	88.86	97.50	123.26	98.67	96.40	81.11
Sutton	68.83	74.87	87.28	89.92	88.30	87.88	109.04	107.03	104.83	111.03	110.58	105.67
Weatherspoon	75.25	85.00	87.04	89.27	90.04	101.92	82.93	121.28	114.57	104.63	106.09	87.04
Shipyard River Terminal	0.00	0.00	0.00	144.64	144.63	0.00	51.81	70.26	0.00	69.11	69.11	69.15
System Total	78.19	77.71	82.96	86.76	89.48	90.08	87.90	96.51	98.06	88.41	99.22	90.93

Progress Energy Carolinas, Inc.
Received Coal - Cost Per Ton Comparison
March 2008 - February 2009
Docket No. 2009-1-E

Progress Energy Carolinas, Inc.

<u>Month</u>	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost</u>	<u>Cost</u>
	<u>Per Ton</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Per MBTU</u>
	\$	\$	\$	\$
Mar-08	55.19	23.00	78.19	3.1880
Apr-08	54.75	22.96	77.71	3.1620
May-08	58.15	24.81	82.96	3.3845
Jun-08	64.52	22.24	86.76	3.5329
Jul-08	59.48	30.00	89.48	3.4027
Aug-08	61.08	29.00	90.08	3.6687
Sep-08	62.88	25.02	87.90	3.5760
Oct-08	64.41	32.10	96.51	3.9510
Nov-08	68.13	29.93	98.06	3.9977
Dec-08	63.73	24.68	88.41	3.6223
Jan-09	72.78	26.44	99.22	4.0207
Feb-09	68.95	21.98	90.93	3.6889

Duke Energy Carolinas

<u>Month</u>	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost</u>	<u>Cost</u>
	<u>Per Ton</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Per MBTU</u>
	\$	\$	\$	\$
Mar-08	45.76	25.11	70.87	2.9194
Apr-08	48.24	22.20	70.44	2.9138
May-08	48.74	22.71	71.45	2.9396
Jun-08	51.34	28.38	79.72	3.2715
Jul-08	55.02	25.44	80.46	3.3169
Aug-08	65.20	20.43	85.63	3.5359
Sep-08	61.27	25.84	87.11	3.6001
Oct-08	67.67	25.34	93.01	3.8009
Nov-08	61.13	26.15	87.28	3.6063
Dec-08	63.81	29.49	93.30	3.8423
Jan-09	65.16	22.72	87.88	3.6039
Feb-09	65.27	22.20	87.47	3.5516

Progress Energy Carolinas, Inc.
Received Coal - Cost Per Ton Comparison
March 2008 - February 2009
Docket No. 2009-1-E

South Carolina Electric & Gas Company

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Mar-08	53.19	13.99	67.18	2.6800
Apr-08	52.24	14.98	67.22	2.6700
May-08	50.77	15.98	66.75	2.6500
Jun-08	61.30	15.88	77.18	3.0700
Jul-08	89.42	15.22	104.64	4.1900
Aug-08	84.25	17.20	101.45	4.0400
Sep-08	80.28	15.67	95.95	3.8300
Oct-08	82.46	17.87	100.33	3.9800
Nov-08	94.17	13.48	107.65	4.3000
Dec-08	84.45	16.60	101.05	3.9900
Jan-09	77.10	29.94	107.04	4.2400
Feb-09	75.38	29.96	105.34	4.1800

Progress Energy Carolinas, Inc.
 Total Burned Cost (Fossil and Nuclear)
 March 2008 - February 2009
 Docket No. 2009-1-E

<u>Month</u>	<u>Coal</u>		<u>Oil</u>		<u>Natural Gas</u>		<u>Nuclear Fuel</u>		<u>Total Burned Cost</u>	
	\$	%	\$	%	\$	%	\$	%	\$	%
Mar-08	74,314,784	77.17%	1,421,100	1.48%	11,864,583	12.32%	8,694,181	9.03%	96,294,648	
Apr-08	79,814,244	86.67%	717,786	0.78%	3,816,896	4.14%	7,747,519	8.41%	92,096,445	
May-08	64,627,219	77.98%	2,062,085	2.49%	5,257,813	6.34%	10,929,051	13.19%	82,876,168	
Jun-08	92,545,746	58.92%	1,784,792	1.13%	52,158,520	33.21%	10,581,103	6.74%	157,070,161	
Jul-08	97,709,653	69.31%	852,372	0.60%	31,462,421	22.32%	10,948,393	7.77%	140,972,839	
Aug-08	97,827,459	66.24%	1,251,932	0.85%	38,762,620	26.24%	9,856,494	6.67%	147,698,505	
Sep-08	80,421,316	69.67%	1,382,344	1.20%	23,922,619	20.72%	9,705,911	8.41%	115,432,190	
Oct-08	72,941,213	69.98%	2,850,571	2.73%	20,186,725	19.37%	8,254,594	7.92%	104,233,103	
Nov-08	89,046,396	70.19%	4,072,000	3.21%	26,589,065	20.96%	7,164,792	5.64%	126,872,253	
Dec-08	94,934,070	74.05%	4,432,986	3.46%	17,847,604	13.92%	10,991,938	8.57%	128,206,598	
Jan-09	107,606,883	74.27%	4,769,888	3.29%	21,369,773	14.75%	11,142,020	7.69%	144,888,564	
Feb-09	83,684,179	74.90%	3,390,421	3.03%	14,744,380	13.20%	9,906,625	8.87%	111,725,605	
TOTALS	1,035,473,162	71.49%	28,988,277	2.00%	267,983,019	18.50%	115,922,621	8.01%	1,448,367,079	

Progress Energy Carolinas, Inc.
Total Burned Cost (Fossil and Nuclear)
March 2008 - February 2009
Docket No. 2009-1-E

<u>Used for Environmental Cost Factor:</u>									
<u>Month</u>	<u>SO₂ & NO_x</u>		<u>Ammonia/Urea</u>		<u>Limestone</u>		<u>Total Environmental Costs</u>		
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
Mar-08	1,462,252	59.85%	610,526	24.99%	370,342	15.16%	2,443,120		
Apr-08	1,543,445	55.62%	821,151	29.59%	410,429	14.79%	2,775,025		
May-08	1,049,195	49.20%	707,730	33.18%	375,730	17.62%	2,132,655		
Jun-08	1,622,709	51.29%	1,037,886	32.80%	503,442	15.91%	3,164,037		
Jul-08	1,605,664	51.16%	948,038	30.20%	585,187	18.64%	3,138,889		
Aug-08	1,178,368	45.74%	892,078	34.63%	505,710	19.63%	2,576,156		
Sep-08	473,847	29.85%	649,212	40.89%	464,471	29.26%	1,587,530		
Oct-08	400,831	32.74%	410,170	33.50%	413,294	33.76%	1,224,295		
Nov-08	850,316	48.21%	387,222	21.95%	526,220	29.84%	1,763,758		
Dec-08	1,100,352	52.90%	447,030	21.49%	532,679	25.61%	2,080,061		
**Jan-09	(529,591)	-48.32%	860,175	78.48%	765,478	69.84%	1,096,062		
**Feb-09	(1,815,699)	406.92%	786,135	-176.18%	583,359	-130.74%	(446,205)		
TOTALS	8,941,689	37.99%	8,557,353	36.36%	6,036,341	25.65%	23,535,383		

** January and February 2009 included some SO₂/ NO_x Emission Allowance expenses. The actual expenses for January and February 2009 were \$903,319 and \$772,656, respectively. Gains from sales of NO_x allowances, in the monthly amounts of (\$1,432,910) and (\$2,588,355), respectively, reduced those month's allowance expenses resulting in credit figures.

Progress Energy Carolinas, Inc.
South Carolina Fuel Cost Computation
March 2008 - June 2009
Docket No. 2009-1-E

	ACTUAL									
	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008		
Fossil Fuel (\$)	87,600,467	84,348,926	71,947,117	146,489,058	130,024,446	137,842,011	105,726,279	95,978,509		
Nuclear Fuel (\$)	8,694,181	7,747,519	10,929,051	10,581,103	10,948,393	9,856,494	9,705,911	8,254,594		
Purchased & Interchange Power (\$)	5,420,879	7,254,325	10,890,521	31,662,270	28,751,323	43,816,366	28,747,293	21,890,620		
Sub-Total (\$)	101,715,527	99,350,770	93,766,689	188,732,431	169,724,162	191,514,871	144,179,483	126,123,723		
Less: Intersystem Sales (\$)	11,378,918	17,040,593	7,865,936	13,129,495	12,765,657	12,787,976	9,406,910	4,529,595		
Total Fuel Costs (\$)	90,336,609	82,310,177	85,900,753	175,602,936	156,958,505	178,726,895	134,772,573	121,594,128		
Total System KWH Sales	4,032,680	3,944,215	4,066,334	4,801,980	4,973,648	5,227,990	4,922,972	4,040,813		
Excluding Intersystem Sales (000's)	0.02240	0.02087	0.02112	0.03657	0.03156	0.03419	0.02738	0.03009		
S/KWH Sales	0.02651	0.02651	0.02651	0.02651	0.03151	0.03151	0.03151	0.03151		
Less: Base Sales (\$/KWH)	0.00411	0.00564	0.00539	(0.01006)	(0.00005)	(0.00268)	0.00413	0.00142		
Fuel Adjustment (\$/KWH)	487,861,612	507,837,688	486,848,551	668,745,745	537,322,787	621,237,906	602,076,260	477,219,452		
S.C. KWH Sales	2,005,111	2,864,205	2,624,114	(6,727,582)	(26,866)	(1,664,918)	2,486,575	677,652		
Deferred Fuel Entry (\$)	(14,452,319)									
Cumulative Over/(Under) Recovery - February 2008 (\$)			(25,391)	(1)			(150,040)	(2)		
Company Accounting Adjustments (\$)										
Cumulative Over/(Under) Recovery (\$)	(12,447,208)	(9,583,003)	(6,984,280)	(13,711,862)	(13,738,728)	(15,403,646)	(13,067,111)	(12,389,459)		

Note (1) - Explanation of Company Accounting Adjustments are included in the settlement testimony of Robert A. Lawyer.

Progress Energy Carolinas, Inc.
South Carolina Fuel Cost Computation
March 2008 - June 2009
Docket No. 2009-1-E

	ACTUAL			ESTIMATED				
	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009
Fossil Fuel (\$)	119,707,461	117,214,660	133,746,544	101,818,980	121,381,337	94,791,882	109,043,614	128,393,113
Nuclear Fuel (\$)	7,164,792	10,991,938	11,142,020	9,906,625	8,629,606	9,576,175	11,177,960	12,147,955
Purchased & Interchange Power (\$)	31,355,585	11,849,620	15,500,634	10,160,807	14,739,244	9,313,110	9,347,813	15,755,872
Sub-Total (\$)	158,227,838	140,056,218	160,389,198	121,886,412	144,750,187	113,681,167	129,569,387	156,296,940
Less: Intersystem Sales (\$)	5,450,585	15,846,801	12,995,736	6,973,585	11,977,769	6,397,860	6,138,666	8,355,850
Total Fuel Costs (\$)	152,777,253	124,209,417	147,393,462	114,912,827	132,772,418	107,283,307	123,430,721	147,941,090
Total System KWH Sales								
Excluding Intersystem Sales (000's)	4,165,355	4,360,907	4,845,157	4,664,230	4,358,047	4,174,860	4,243,338	4,732,072
\$/KWH	0.03668	0.02848	0.03042	0.02464	0.03047	0.02570	0.02909	0.03126
Less: Base Sales (\$/KWH)	0.03151	0.03151	0.03151	0.03151	0.03151	0.03151	0.03151	0.03151
Fuel Adjustment (\$/KWH)	(0.00517)	0.00303	0.00109	0.00687	0.00104	0.00581	0.00242	0.00025
S.C. KWH Sales	438,179,130	534,197,173	546,585,617	560,458,324	524,541,306	509,505,343	520,373,648	589,990,972
Deferred Fuel Entry (\$)	(2,265,386)	1,618,617	595,778	3,850,349	545,523	2,960,226	1,259,304	147,498
October 2008 - (p. 1 of 2) (\$)	(12,389,459)			2,007 (4)				
Company Accounting Adjustments (\$)	(1,758,995)	(3)						
Cumulative Over/(Under) Recovery (\$)	(16,413,840)	(14,795,223)	(14,199,445)	(10,347,089)	(9,801,566)	(6,841,340)	(5,582,036)	(5,434,538)

Note (1) - Explanation of Company Accounting Adjustments are included in the settlement testimony of Robert A. Lawyer.

Cumulative Over/(Under) Base Fuel Component (\$) (per Settlement Audit Exhibit RAL-5)	(10,347,089)	(5,434,538)
Cumulative Over/(Under) Environmental Component (\$) (per Settlement Audit Exhibit RAL-6)	380,942	1,085,894
Net Cumulative Base Fuel and Environmental Components (\$) (Under)- Recovery Balances	(9,966,147)	(4,378,644)

Progress Energy Carolinas, Inc.
Details of Environmental Costs
March 2008 - June 2009
Docket No. 2009-1-E

	ACTUAL											
	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08		
Environmental Costs Incurred												
Emission Allowances (\$)	1,462,252	1,543,445	1,049,195	1,622,709	1,605,664	1,178,368	473,847	400,831	850,316	1,100,352		
Ammonia/Urea (\$)	610,526	821,151	707,730	1,037,886	948,038	892,078	649,212	410,170	387,222	447,030		
Limestone (\$)	370,342	410,429	375,730	503,442	585,187	505,710	464,471	413,293	526,220	532,679		
Sub-Total (\$)	2,443,120	2,775,025	2,132,655	3,164,037	3,138,889	2,576,156	1,587,530	1,224,294	1,763,758	2,080,061		
Less: Inter-Company Sales (\$)	352,950	608,462	294,620	57,869	13,063	11,822	9,363	6,641	873	450,536		
Net Environmental Cost (\$)	2,090,170	2,166,563	1,838,035	3,106,168	3,125,826	2,564,334	1,578,167	1,217,653	1,762,885	1,629,525		
S.C. Retail KWH Sales	487,861,612	507,837,688	486,848,551	668,745,745	537,322,787	621,237,906	602,076,260	477,219,452	438,179,130	534,197,173		
Total System KWH Sales (000)	4,032,680	3,944,215	4,066,334	4,801,980	4,973,648	5,227,990	4,922,972	4,040,813	4,165,355	4,360,907		
S.C. Allocation Factor of Total Environmental Costs (%)	0.1210	0.1288	0.1197	0.1393	0.1080	0.1188	0.1223	0.1181	0.1052	0.1225		
S.C. Share of Total Environmental Costs (\$)	252,911	279,053	220,013	432,689	337,589	304,643	193,010	143,805	185,455	199,617		
Amount Billed to SC Customers (\$)	103,528	103,872	99,573	118,360	472,656	478,532	443,762	365,240	366,223	449,602		
Over (Under) Recovery (\$)	(149,383)	(175,181)	(120,440)	(314,329)	135,067	173,889	250,752	221,435	180,768	249,985		
Cumulative Over (Under) Recovery - February 2008 (\$)	(1,178,946)											
Adjustments (\$) - Over (Under) Recovery	0	0	0	113,202 (\$)	0	0	0	0	0	0		
Cumulative Over (Under) Recovery (\$)	(1,328,329)	(1,503,510)	(1,623,950)	(1,825,077)	(1,690,010)	(1,516,121)	(1,265,369)	(1,043,934)	(863,166)	(613,181)		

Progress Energy Carolinas, Inc.
 Details of Environmental Costs
 March 2008 - June 2009
 Docket No. 2009-1-E

	ACTUAL		ESTIMATED			
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
<u>Environmental Costs Incurred</u>						
Emission Allowances (\$)	(529,591)	(1,815,699)	642,220	547,810	549,382	764,935
Ammonia/Urea (\$)	860,175	786,135	820,895	747,921	774,281	834,936
Limestone (\$)	765,478	583,359	764,339	609,607	693,393	753,842
Sub-Total (\$)	1,096,062	(446,205)	2,227,454	1,905,338	2,017,056	2,353,713
Leas: Inter-Company Sales (\$)	820,344	292,262	361,821	129,099	139,170	144,862
Net Environmental Cost (\$)	275,718	(738,467)	1,865,633	1,776,239	1,877,886	2,208,851
S.C. Retail KWH Sales	546,585,617	560,458,324	-	-	-	-
Total System KWH Sales (000)	4,845,157	4,664,230	-	-	-	-
S.C. Allocation Factor of Total Environmental Costs (%)	0.1128	0.1202	0.12363	0.12202	0.12202	0.12202
S.C. Share of Total Environmental Costs (\$)	31,101	(88,764)	230,648	216,737	229,140	269,524
Amount Billed to SC Customers (\$)	465,333	471,127	436,545	348,059	384,481	451,916
Over (Under) Recovery (\$)	434,232	559,891	205,897	131,322	155,341	182,392
December 2008 - (p. 1 of 2)	(613,181)					
Adjustments (\$) - Over (Under) Recovery	0	0	0	0	0	0
Cumulative Over (Under) Recovery (\$)	(178,949)	380,942	586,839	718,161	873,502	1,055,894